
A BILL FOR AN ACT

RELATING TO PUBLIC SCHOOL LANDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Act 155, Session Laws of Hawaii 2013, was
2 approved by the governor on June 21, 2013. The purpose of Act
3 155 was to optimize the use of public-school lands to generate
4 opportunities to improve public-school facilities and
5 infrastructure to meet the challenges of the twenty-first
6 century and to improve the overall quality of education in
7 Hawaii. Specifically, Act 155 established a pilot program to
8 generate revenue from uses for public purposes, such as
9 workforce housing, to build and retrofit twenty-first century
10 schools and create more school-centered communities. The pilot
11 program lays important groundwork for a statewide approach and
12 plan to optimize public-school lands and modernize public-school
13 facilities.

14 In subsequent discussions with government agencies and
15 private developers, the existing fifty-five-year lease term
16 allowed for in Act 155 was found to be problematic in financing
17 redevelopment projects. Furthermore, the department of



1 education has been working closely with the Hawaii housing
2 finance and development corporation in the implementation of
3 redevelopment projects on land controlled by the department of
4 education. The Hawaii housing finance and development
5 corporation is pursuing ninety-nine-year leasehold condominiums
6 for some of its housing projects on state-owned lands.
7 Extending lease terms will allow prospective developers greater
8 flexibility to secure financing as well as provide a better
9 long-term return to the State for the use of its lands.

10 SECTION 2. Section 302A-1151.1, Hawaii Revised Statutes,
11 is amended by amending subsection (b) to read as follows:

12 "(b) Notwithstanding sections 171-13 and 302A-1151, or any
13 other law to the contrary, the department may lease public
14 school land on terms it deems appropriate, including a leaseback
15 of all or a portion of the improvements constructed; provided
16 that:

17 (1) The board may identify and select up to five public
18 school land sites as candidates for participation in
19 the pilot program; provided that:

20 (A) During the identification and selection process,
21 the board shall be subject to chapter 92, shall



1 hold at least one public meeting in each affected
2 community, and shall foster school and community
3 participation; and

4 (B) If the site is on land owned by the county, the
5 department shall consult with the county;

6 (2) The department may lease public school land for no
7 more than three public school land sites identified
8 and selected by the board pursuant to paragraph (1)
9 under leases for a term of not more than [~~fifty-five~~
10 ninety-nine years per lease [~~, unless extended pursuant~~
11 ~~to section 171-36,~~] to lessees who shall be required
12 to modify, construct, or utilize facilities to benefit
13 public educational purposes, in accordance with
14 specific request for proposal or request for
15 information guidelines;

16 (3) Each lease shall stipulate that the lessee may retain
17 any revenue generated from the facilities; provided
18 that:

19 (A) The lessee shall be obligated to maintain and
20 operate the facilities to benefit public
21 educational purposes for the length of the lease;



- 1 (B) The lessee shall be obligated to pay to the
- 2 county all applicable property tax on the value
- 3 of any improvements;
- 4 (C) A leasehold premium may be charged to the lessee
- 5 for the right to use the public school land based
- 6 on a competitive process that complies with
- 7 applicable sections of chapter 103D;
- 8 (D) Upon the expiration of the lease, the facilities
- 9 shall revert to the department; and
- 10 (E) All revenues and proceeds derived by the State
- 11 under this section shall be deposited in the
- 12 school facilities subaccount pursuant to section
- 13 302A-1151.2; and
- 14 (4) Notwithstanding any law to the contrary, the
- 15 department may enter into leaseback agreements that
- 16 allow the department to lease or sublease the property
- 17 to a third party. The department may lease back the
- 18 property from the third-party lessee or sublessee for
- 19 a contractual period of time, after which the
- 20 department shall own any improvements."



1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect on July 1, 2019.
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Report Title:

Public School Lands; Ninety-nine-year Leases

Description:

Extends the lease term for public-school lands from 55 to 99 years.

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